

IN THE MATTER OF INTEREST ARBITRATION

BETWEEN)
)
Montezuma Community School District,)
) Hugh J. Perry, Arbitrator
PUBLIC EMPLOYER,)
)
AND)
) Award issued: July 23, 2007
Montezuma Education Association,)
)
EMPLOYEE ORGANIZATION.)

APPEARANCES:

FOR Montezuma CSD: Randy DeGeest, Attorney
FOR Montezuma Education Assn.: Carol Hauptert, Uni-Serve Director

PROCEDURAL BACKGROUND

The Montezuma Community School District and the Montezuma Education Association have bargained since the inception of the Public Employment Relations Act. They have been largely successful in obtaining voluntary settlements except for Fact-finding for the 1982-83 contract and Fact-finding and Arbitration for the 1989-90 contract.

This bargaining year the parties have resolved all issues with the exception of Wages (the amount by which the BA Base salary will increase for the next contract year). The parties' independent impasse procedure extends the date for completion of this year's bargaining. Otherwise, the parties are following the arbitration process set forth in the Public Employment Relations Act. A hearing was held on July 9, 2007 at the high school library in Montezuma, Iowa. Following the presentation of documentary evidence, oral testimony and argument, the hearing was closed on that date. In making this award, I have considered the provisions of Section 20.22(9) of the PERA but will not set them out here. After consideration of these criteria, an arbitrator is required to select the position of the party on the impasse issue deemed the most reasonable.

IMPASSE ISSUE

The Impasse Issues before the Arbitrator is: Wages (the dollar amount to be added to the salary schedule at the BA Base).

DISTRICT BACKGROUND

The Montezuma Community School District is located in Montezuma, Iowa, the County Seat of Poweshiek County in Southeastern Iowa. Similar to many rural Iowa school districts, Montezuma's enrollment has declined over recent years from 585.9 students in 1997-98 to its current enrollment of 514.3. The District is a member of the South Iowa Cedar Athletic Conference which includes the districts of BellePlaine, B-G-M, English Valleys, HLV, Iowa Valley, Keota, Lynnvillle-Sully, North Mahaska, Sigourney and Tri-County. Deep River Millersberg and Fremont are also members of the conference but do not operate junior/senior high programs. The Montezuma Education Association represents a bargaining unit comprised of 48 full and part time professionals of the Montezuma Community School District with a total FTE of 45.20. The bargaining unit includes 36 Regular Program Teachers, 5 Special Education teachers, 4 At-Risk teachers, 2 Title I teachers and 1 Talented and Gifted teacher. The District facilities are located in Montezuma at one physical site that houses both the elementary (K-6) and secondary (7-12) programs.

DISTRICT FINANCIALS

The District's General Fund Budget for 2005-2006 was 5,258,800. Actual expenditures were 4,756,989 leaving an unspent balance (spending authority) of 501,811. Its cash balance was \$443,936. For the school year 2006-2007, the District will receive a regular program increase of 2.21% or \$59,371. This compares to 1%, -.64% and 1% allowable growth for the previous 3 years. The District has an Instructional Support Levy, a Physical Plant and Equipment Levy and a Cash Reserve Levy. The District will experience some \$106,000 in turnover savings next year as the result of teachers retiring and being replaced by less experienced teachers or not replaced at all.

WAGES

The parties current contract contains a wage schedule which is attached. Notable about the schedule is that it provides for increments of \$500 down each step of the schedule and for increments of \$1,000 between the BA and BA+15 lanes, \$500 between the BA+15 and BA+30 lane, a \$500 increment between the BA+30 and MA lane and \$1,000 between the MA and MA+15 lane. Additionally, steps 4, 8, 12 and 16 are skip steps and not actually occupied. Teachers who reach the top step of any lane receive a career increment which is the base raise plus 25% of the base raise. The sole issue for resolution is the amount of increase to be applied to the BA base salary, currently \$25,375. The wage schedule would then be aged with teachers appropriately placed on the new schedule for the 2007-2008 school year. Although not at issue here, health insurance is a significant benefit to these employees. The District currently pays \$832/month towards health insurance, or health insurance and annuity or cash. Those not taking health insurance receive the lowest deductible insurance plan offered. The employees are offered the option of paying for health insurance with pre-tax monies. This insurance costs the District some \$357,000 per year.

Proposals of the Parties

The **Association** seeks a BA base increase of \$1,150 which would result in a total package increase of \$75,493 or 4.51%. The Association argues that such an increase is well within the District's ability to pay considering the regular program increase, fund balances and turnover savings. The Association notes that the total cost between its position and that of the District is \$14,595. It points out that it settled last year for a 3.7% increase on 1% new money and notes that it is common for a total package percentage and dollar increase of a settlement to exceed the regular program increase for a variety of reasons: They represent percentages of different amounts; regular program is but a portion of the general fund budget; not all employees are paid from regular program funds and settlements are costed as if all employees will return the following school year.

The Association used a comparability group consisting of 22 districts which included the conference schools and also schools within a 35 mile radius of Montezuma. It included Keota, a conference school although outside the 35 mile radius but excluded Pella as it does not bargain collectively. The Association argued that this was an appropriate comparability group as they were schools with which Montezuma must compete for staff, were within commuting distance of Montezuma and represent localities where staff shop and receive medical care. The schools range in enrollment from 3,328.6 in Newton to 195 in Deep River-Millersburg. The average enrollment is 924.9. The Association's comparisons indicated that Montezuma teachers compared well for the early BA lanes and steps but fall behind at the 10th year and maximum BA salaries. The Association points out that 30.5 if the 35.80 FTE regular education teachers in Montezuma are currently in the BA lanes of the schedule and that a total of 12.5 teachers will be at the top of their respective BA lanes for the next school year. As experience and education levels increase, salaries at the higher MA lanes and steps fall further behind. The Association also prepared comparability exhibits which included the insurance benefit and drew the following conclusion: When the health insurance benefit and salary are combined, total compensation for the Montezuma teachers ranks well and exceeds the average of the comparability group - with the exception of the Maximum benchmarks (BA and MA max and MA only lane) where Montezuma teachers fall below average with the dollar disparity widening significantly with increased experience and education. The Association's data indicated that the average salary in Montezuma ranked 282nd out of 365 districts statewide and falls to \$4,161 below the average salary in the 35 mile group despite the fact the Montezuma teachers rank above average in experience. The Association's comparability data with respect to conference schools was similar to the 35 mile group, but less dramatic. Montezuma teachers compared well at the beginning of the schedule but not so well in the top BA, MA only and top MA lanes. Adding the insurance benefit to the mix enhanced the top positions but still left them somewhat behind.

The Association introduced data indicating that the average settlement in the 35 mile group was 4.72% on 2.39% new money. The Association indicated that Conference schools have settled for an average of 4.35% on 1.37% new money. Schools statewide with a regular program increase similar to Montezuma's (2.21%) have settled for an average increase of 4.73%.

The District proposes a BA base increase of \$817. It characterizes its proposal as a 3.64% increase which would cost \$60,895.61. The District noted that in bargaining it agreed to give the teachers the new money in settlement and that is what its proposal here reflects. The District objected to the Association's 35 mile radius comparability group, contending that it included schools such as Newton and Oskaloosa which were four to five times larger than Montezuma. The District noted that the historical group for comparisons has always been the 11 Districts in the South Iowa Cedar Athletic Conference, a group of similar sized rural Iowa school districts in the general area. The average enrollment of this group is 512.3. When this group is used for comparison purposes, Montezuma fares well. It is 6th in enrollment. Average settlements in the group are 3.62% on 1.66% new money. The District points out that it has other increasing expenses which will absorb the new money and turnover savings. The District's proposed wage increase for the teachers is \$60,896 which is slightly more than the new money. Other costs will involve moving from a part time to full time superintendent, \$64,395, increases for other administrators, \$18,993, hiring a 4th grade teacher, \$29,780, extra curricular increases, \$1,561 and payment of non certified wage increases, \$12,000. The total shortfall would be \$26,708. The District noted that its yearly insurance benefit to its teachers, \$9,984, was \$2,561 above the average provided by the other conference schools. The District advanced data indicating that Montezuma BA base salary including Phase II monies (\$800) ranked 4th in its comparability group and with insurance figured into the compensation, ranked 2nd. At maximum BA lane the Montezuma teachers ranked 9th and with insurance figured in were 2nd. At BA 12 or 15 the Montezuma teacher ranked 4th and 2nd with insurance. At maximum BA 12 or 15 a Montezuma teacher ranked 10th, 3rd with insurance figured in. At the beginning BA 24 or 30 a Montezuma teacher ranked 5th, 2nd with insurance included. At maximum BA 24 or 30 a Montezuma teacher ranked 6th, 3rd with insurance. A beginning MA teacher ranked 5th in Montezuma and 3rd with insurance. A maximum MA teacher here ranks 8th, 4th with insurance. A 1st year MA 12 or 15 her ranks 4th, 3rd with insurance. A maximum MA 12 or 15 teacher her ranks 5th, 4th with insurance. In making these comparisons the District figured in the Phase II payment of \$800 and the career increments. (The Association did the same in its comparisons)

DISCUSSION

Initially, it should be said that putting all of the settlement proceeds onto a BA base increase and letting them trickle on down through the schedule is not a very efficient way to address the main problem evidenced by the data, that the more experienced teachers in Montezuma are not being paid as well as their counterparts elsewhere. Nevertheless, this is the way that bargaining has evolved in this District and in this state and I am without authority to do anything else but increase the BA base. The parties have made some attempts to address this concern with the schedule's skip steps, insurance option and career increments. They are encouraged to explore further innovations.

The parties have taken dramatically different positions on what constitutes an appropriate comparability group. The Association uses a group within a 35 mile radius of

Montezuma which encompasses districts which are significantly larger. The District advances the districts in the athletic conference. All things not being equal, districts of similar size in the same geographical region provide more convincing comparability data than do districts which are substantially greater in size and in more populated settings. I am more inclined toward the District's comparability group than that of the Association. The Association has wisely included comparability data using the conference schools.

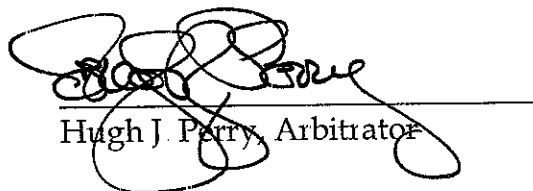
Although not an issue here, the District's insurance contribution is a factor that should be considered in any Wage award. It is a significant economic benefit to these employees and, when considered in conjunction with wages, enhances their comparative standing. Without factoring in the insurance, the data suggests that teachers in Montezuma on the early part of the schedule are paid favorably and that more experienced teachers are paid measurably less than their peers in other districts. With the insurance benefit factored in, the more experienced teachers fare much better. Both parties advanced data including this benefit in their comparisons.

The difference in the parties' positions is \$14,595. The total cost of the Association proposal is \$75,493 a 4.51% total package increase. That of the District is \$60,898, a 3.64% increase. I am persuaded that the District can afford either proposal. The parties don't agree on average settlements in the conference. The Association indicates that the average settlement is 4.35% on 1.37% new money. The District's data indicates that conference settlements average 3.62% on 1.66% new money. What is clear is that conference schools are settling above their new money. Districts state wide which will receive new money similar to Montezuma have settled for 4.78%. Last year these parties settled for a 3.7% increase (a \$750.00 base increase) on 1% new money. The District is proposing a similar settlement this year on twice that new money. The data suggests that historically the Association has settled below state average on less than average new money. Either proposal will result in a settlement which is below the state wide settlement trend. Frankly, if I could fashion a settlement here, it would probably be somewhere between the positions of the parties. However, I don't have that authority. Considering the data presented and the arguments advanced by the parties, I am persuaded that the Association proposal is the more reasonable one before me. It is awarded.

AWARD

The proposal of the Association is awarded. The BA Base should be increased by \$1,150 to \$26,525.

Signed this 23rd day of July, 2007


Hugh J. Perry, Arbitrator

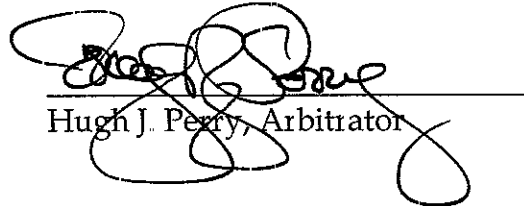
CERTIFICATE OF SERVICE

I certify that on the 23rd day of July, 2007, I served the foregoing Award of Arbitrator upon each of the parties to this matter by mailing a copy to them at their respective addresses as shown below:

Carol Haupt
Uniserve Director
106 North Court
Ottumwa, IA 52501

Randy DeGeest
Attorney At Law
P.O. Box 326
Oskaloosa, IA 52577

I further certify that on the 23rd day of July, 2007, I will submit this award for filing by mailing it to the Iowa Public Employment Relations Board, 510 East 12th Street Suite 1B, Des Moines, Iowa 50319



Hugh J. Perry, Arbitrator

**Montezuma
2006-2007 Salary Schedule**

Step	BA	BA+15	BA+30	MA	MA+15	
1	25,375	26,375	26,875	27,375	28,375	
2	25,875	26,875	27,375	27,875	28,875	
3	26,375	27,375	27,875	28,375	29,375	
4	26,875	27,875	28,375	28,875	29,875	SKIP
5	27,375	28,375	28,875	29,375	30,375	
6	27,875	28,875	29,375	29,875	30,875	
7	28,375	29,375	29,875	30,375	31,375	
8	28,875	29,875	30,375	30,875	31,875	SKIP
9	29,375	30,375	30,875	31,375	32,375	
10	29,875	30,875	31,375	31,875	32,875	
11	30,375	31,375	31,875	32,375	33,375	
12	30,875	31,875	32,375	32,875	33,875	SKIP
13	31,375	32,375	32,875	33,375	34,375	
14		32,875	33,375	33,875	34,875	
15		33,375	33,875	34,375	35,375	
16		33,875	34,375	34,875	35,875	SKIP
17		34,375	34,875	35,375	36,375	
18		34,875	35,375	35,875	36,875	
19			35,875	36,375	37,375	
20			36,375	36,875	37,875	
21				37,375	38,375	
22				37,875	38,875	
23				38,375	39,375	

ADD ONE STEP TO THE B A , B A +15, B A +30, M A , and M A +15 FOR FIVE YEARS THESE STEP ADDITIONS COMMENCED WITH THE 1987-88 SCHOOL YEAR AND WERE COMPLETED IN THE 1991-92 YEAR

\$500 PER STEP B A , B A +15 & B A +30
\$500 PER STEP M A & M A +15

\$500 BETWEEN LANES B A +15 & B A +30 B A +30 & M A
\$1000 BETWEEN LANES B A & B A +15 M A & M A +15